

General Reappraisal/Revaluation

What is Revaluation?

North Carolina's 100 counties use a process of GENERAL REAPPRAISAL based on an octennial plan, meaning every eighth year. This octennial plan, adopted circa 1970 by legislative action, was based on creation of (8) divisions of the 100 counties. Division (1) counties completed their initial general reappraisal January 1, 1972, Division (2) counties January 1, 1973 etc. Division (6), which includes Durham County, completed their initial GENERAL REAPPRAISALS, also known as REVALUATION, on January 1, 1977.

The octennial plan also provided for: "...Advancing Scheduled Octennial Reappraisal - Any county desiring to conduct a reappraisal of real property earlier than required may do so upon adoption by the Board of County Commissioners of a resolution so providing..."

General Reappraisal/Revaluation criteria...

Authority ----- Legislature of North Carolina

Administration ----- County Assessor

Scope ----- All Real Estate (Real Property) within county's territorial limits

Appraisal Standard - 100% Market Value as of effective date of appraisal (January 1 of revaluation year)

By resolution of the Board of County Commissioners dated November 14, 2005, Durham County's next general reappraisal shall be effective January 1, 2008.

The Appraisal Process.

Durham County's most recent revaluation became effective on January 1, 2001.

Placing this in a real estate context, 1) effective date of appraisal is equal to January 1, 2001; 2) valuation criteria equal 100% market value.

If no physical change has taken place since that date, market value established on January 1, 2001 remains constant until the effective date of county's next revaluation. Moreover, should a physical change occur, the adjusted appraisal reflects market conditions, as they existed on January 1, 2001. This criterion also applies when new structures and/or land are added each year to county's real estate roll.

Remember...

- 1) A revaluation's effective date is always January 1
- 2) Counties with a revaluation date of January 1, 2001 carry forward their appraised values and valuation procedures each succeeding January 1 until the next revaluation (general reappraisal)
- 3) When a January 1, 2001 general reappraisal county conducts its next revaluation all real estate is reappraised at 100% market value with effective date of appraisal being January 1 of the revaluation year.

Why Appraise Property?

Appraisals in North Carolina counties reflect market conditions, as they exist on January 1 of the revaluation year. While the appraisal process and procedure is frozen as of that date, activity of the real estate market over time creates inequity.

In almost all cases, value of individual properties increases, but more importantly, increases from location to location fluctuate. These fluctuations may cause groups of properties to be under or over appraised. The goal and intent of a general reappraisal is valuation of all property at its current market value (equitable and uniform).

"Fair Share Taxation" is based on the concept that if all property is appraised at its current market value then each property pays only its fair share of the tax burden.

How is Revaluation Done?

Durham County Office of Tax Administration has and continues to implement business practices and systems to better serve property owners and increase general reappraisal/revaluation efficiency.

Geographic Information System (GIS)

X-Y Coordinate Parcel Identification Number (PIN)

Cadastre (methodically arranged property inventory)

Enhanced Computer Assisted Mass Appraisal System (CAMA)

Enhanced Computer Assisted Assessment System (CAAS)

Digital Photographs of all primary structures (Images)

Integration of GIS, PIN, Cadastre, CAMA, CAAS, and Images

Using these tools, market value of each property is determined by comparing...

- 1) Sales of comparable property in the same local area
- 2) Cost to replace structures and improvements
- 3) Potential income that a property may command
- 4) Any other factors that affect market value

Computer-generated data models consider...

- 1) Location
- 2) Property type
- 3) Improvement age, size, quality, state-of-repair, style of construction, obsolescence, and replacement cost.

Why Do Values Change?

Simplest answer to this question is the local economy.

Of 100 North Carolina counties, Durham County ranked, by OUTLOOK NORTH CAROLINA, as "#1 In Economic Development" (Fall 1999).

Raleigh-Durham ranked, by FORBES MAGAZINE, as "#2 Best Place for Business" nation-wide (May 2004).

Raleigh-Durham-Chapel Hill ranked, by MSN-HOUSE & HOME, as "Americas Best Place to Live" nation-wide (2003).

Raleigh-Durham-Chapel Hill ranked, by BUSINESS 2.0, as "#1 Hottest Job Market" nation-wide (March 2004).

Durham's distinction as the City of Medicine, and home to a majority of Research Triangle Park businesses, contributes to the highest average wage statewide.

This localized economic condition translates into people wanting to live and work in Durham County, consequently property values in nearly every valuation neighborhood increase each year. Over a period of years, this increase may be quite substantial.

From a real estate perspective, not all property increases in value at a constant rate. Property values are most often impacted by the location of a parcel, with those properties perceived as having a more desirable location appreciating at a higher rate.

Appraisal Accuracy?

At the conclusion of the valuation phase of the General Reappraisal/Revaluation project, each property owner will receive a "Notification of Change of Value" indicating revaluation results.

This new value will take effect on January 1, 2008 and represent 100% market value as of the effective date of appraisal: January 1, 2008.

Valuation methodology used by County Appraisers is consistent with that used by other real estate professionals. For this reason, a property acquired within a 3-year period prior to January 1, 2008, and which included a fee appraisal as part of the purchase process will be an effective indicator of accuracy.

For property held for a longer period, than the 3-years prior to January 1, 2008, a determination must be made as to whether the County Appraiser's opinion of value reflects the potential selling price if it were to be listed for sale.

Comparison between the prior years' Assessor valuation and the subsequent valuation indicated on the "Notification of Change of Value" are invalid as they reflect, in case of former, market value based on January 1, 2001 versus, in case of latter, market value as of January 1, 2008.

If the Assessors appraisal reflects 100% market value, no additional action is required.

Appeals.

All property owners have Right of Appeal. Items that follow may assist in making a decision as to whether or not an appeal should be considered:

- 1) Property is valued fairly, but there is concern over potential tax rates and/or tax bills; beyond the scope of appeal process.**

The Assessor, by law, is charged with the determination of market value. This applies to general reappraisal and physical changes made to property in non-revaluation years. Tax rates and subsequent tax bills are not a consideration and play no part in the valuation process.

An appeal based on the premise that appraised value is too high because of a resulting tax bill is an invalid appeal and will result in a "No Change" finding.

The appeal process addresses value, not tax (by statute).

Appeals (Continued).

- 2) Belief exists that Assessors appraisal exceeds what the property could reasonably be sold for; consider an appeal.**

The procedure to file an appeal is addressed later in this document. It is important to note that prior to making a decision to appeal certain sources should be reviewed and/or contacted:

- a) Real estate advertisements for similar property in the same neighborhood that have sold or are listed for sale
- b) Real estate professionals who may provide information about local market conditions
- c) Consideration of such things as location, square footage, age, condition, state-of-repair, and amenities

Durham County, with its high desirability, generates significant property value increases between general reappraisals. Often, research will conclude that the Assessors appraisal is reasonable.

- 3) Belief exists that Office of Tax Administration has incorrect or incomplete information about a home or business; an appeal may be warranted.**

Responsibility to report physical changes to improvements rests with property owners, physical changes include:

- 1) Dwellings or other structures not part of Assessors' record
- 2) Changed dwelling or structures not part of Assessors' record
- 3) Demolished improvements not removed from Assessors' record

For example, a "Notice of Change of Value" seems unreasonably low considering the fact that a major improvement, such as a new dwelling, has been constructed and added to a property.

Un-reported physical changes carry significant penalties.

The Appeal Process.

The "Notice of Change of Value" will include instructions for filing an appeal. It is critical that all appropriate documentation be included with the appeal. Simply writing that the value is "too high" does not provide sufficient information, and will result in a finding of "No Change".

Examples of useful information include:

- 1) Any recent (within the prior 3-years) appraisals, market analysis, sales contracts, or sales listings
- 2) Copies of surveys or other pertinent land data
- 3) Photographs of any major structural damage
- 4) Data on recent sales of similar property in the immediate area

Lastly, be sure to file within timeframe specified.

What Happens After the Appeal?

Appeals are evaluated based on relevance of documentation together with verbal testimony provided at the "Informal Review Hearing".

County Appraisal staff may make additional property owner contact if they have questions or require other documentation.

Consider the "Informal Review Hearing" as an opportunity to make certain the County Appraiser has correct information.

The goal in these proceedings is to come away with accurate data.

Based on information obtained through the appeal process, County Appraisal staff will recalculate property value. This will result in one of three (3) possible conclusions:

- 1) A lower value
- 2) A higher value
- 3) No change in value

A mailing of notification of "Results of Informal Review Hearing" will follow.

Property owners who believe a valuation remains incorrect may continue their appeal process with Durham County 2008 Board of Equalization and Review. Instructions on procedures to continue an appeal will be included in the "Results of Informal Review Hearing" letter.

Appraisal Versus Taxation.

The Assessor, by law, determines market value. This applies to general reappraisal and physical changes made to property in non-revaluation years. Tax rates and subsequent tax bills are not a consideration and play no part in the valuation process.

The Board of County Commissioners, by law, determines county tax rates. The tax rate applicable to valuations established on January 1, 2008 will not be set until the Board of Commissioners determines the fiscal 2008-2009 budget. For those who also reside within city/town limits, contact the appropriate municipality. Budget adoption procedure (and tax rates determination) concludes in late June, and becomes effective on July 1, 2008, resulting tax bills coming due on September 1, 2008.

Under no circumstances should the 2007 tax rates be used to estimate 2008 property tax.

The intent of revaluation is equalization and uniformity. Revaluation (General Reappraisal) is a requirement of the State of North Carolina; it is not an option.